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APF-8-2

11 July 1962

MANAGEM FOR: Calef. Technical Services Division

SUMJECT I Special accounting Procedures for Funis Disbursed Under

- 1. After the iscence in Jenuary 1962 of the Report of Amile of project RUUTEN for the period 1 March 1909 30 Morch 1961, the findings were discussed by the Reput Director/Support, Constroller, Chief, Sedie Staff, and the Chief, Pacinical Services Sivilice. As a result of the discussion, I was given the period of revising the accounting procedures them in effect, and revising them to provide control of each disbursed today the subtractive prescribed for MCLIERA.
- 2. It was found in the review that the documentation in use was for a review that root perk sufficient for the management of finals distursed, and it was a recovery only to exhalted proper accounting standards to be applied at the various points of each eccountability. These accounting standards have been reduced to a written procedum to the form of a fiscal arms. As these funds are distursed only by direction of the Technical Environs Division, the rangement of and responsibility for these finals by TSD 10 the basic treatment of the form of the review without the fixed inner was written.
- 3. In establishing the controls provided by the Fineal annay, it will be measured to analyse past transactions in order to bring into the control records the month of each disturbed but not yet accounted for, then these accounts have been estartized; it is suggested a schedule be prepared to export the initial entries to the control records. The schedule should reflect the accounts hald by such grantee, project, and out-out, identified by your sub-reject designations. It is requested that a copy or the schedule be furnished to the finance livision. When the insecounted for each sold by generate, projects and cut-outs has been determined and entered in the control records, subsecuent transactions will be undiget to restine hardly. It is emphasized that implementation of the Fineal anex procedures should be recognitioned in the rank of July 1902 as it is not dependent upon acceptables of the scalarstices.
- b. Her assistant was facilitated to a considerable decree by the Affeindly congenities and assistance of Peocra. On the Affeind of the Congenities and assistance of Peocra on the Affein of the Congenities of the Congenitie

inherent in the disbursezent of funds under the KULARA cuthorities. When unforeseen problems arise they will be handled on a case-by-case basis. It is planned to work closely in the future with issors. Only over staff engaged in the fitancial management of this activity to provide whatever technical ensistance is necessary.

5. This memorandum is delivered by band due to the semitivity of the activity and the doctre to implement the Fiscal Annex procedures as soon as possible. After your approval it is suffected that the Fiscal Annex be delivered by hand to the undersigned for further delivery to the Chief, Finance Division and the SA/DES.

Chief, Operations and Maison Finance Division

Attachment



PETROLIT. AMERICA PROTECTO

APF-B-3

1. BACKGROUND AND AUTHORITY

- A. On 6 June 1952, the Project Device Committee approved the DD/P/TSS Research Progress. The FRC approval authorized the Director of Research, at his described and with the approval of the Research funds and to appoint them emong individual research projects, such projects to be subject to the most general projects and disciplinative controls.
- reognized that the ultra-sensitive nature of certain research projects in the Bocarrie Program precludes the healing of these projects by means of usual direct contractual relationship. In order to concaul 18 Government interest in or spensorable of each projects the ECI becomend unthorized the rechnical Services Division to consumate agreements with others to not as costensible principals or cut-outs in developing and maintaining the denired relationships with organizations engaged in research in those ultra-sensitive erress of interest to Table. The ultra-sensitive portion of the Research Program was identified in the DCI measurable by the cryptony MCMLEMA.
- C. The purpose of this paper is to establish procedures for the control and financial scannistration of funds advanced or disbursed on behalf of Mallina activities.
 - D. For the purposes of this paper, the following definitions will apply:
 - PROJECT Operational activity subject to formal Agency approval procedures to which funds and other recourses are allotted for use in performance, established by TED or other elements for the support including funding of Maulful activity.
 - CUI-DUT Entity or individual used by TSD for role purpose of providing covert funding channel for KULIRA activity.
 - CRAFFEE Ultimate recipient of funds for research provided under MKULTRA activity.

11. AGENCY CONTROL OF FUNDS

A. The degree of control to be exercised by the Agency over funds advanced enter proposa REMERIA, and the point at which accountability for these funds is relinguished shall be determined by the Agency relationship with elements helding such Anals. Funds advanced to and held by cut-outs, an entity under the control of any Agency congenent, and other Covernment Agencies are considered to be within the control of the Agency and will be so treated in Agency repeated. These advanced or passed to non-Agency personnel engaged in Agency and considered to be gentle and will be charged to costs upon ovidence the funds have been passed to the grantes. Control over funds held by grantees will be carefased through the use of passedness accounts.

TIT. APPROVATS

- A Dudget proposals from prospective grantees will be reviewed by the responsible Branch Chief and forwarded by monorandum to the Chief, Technical Services Division. This measurandum will include a statement regarding the type and depth of accounting expected from the grantee and the frequency of such accountings. After approval by the Chief, TSD, the amount of the budget proposal will be obligated on the ellotment records maintained by TSD.
- B. The Technical Services Division is authorized to advance funds directly to grantees, to cut-outs, or to funding mechanisms (projects) under the control of TSD or other Agency components, in amounts consistent with requirements stated in the budget proposals. At the discretion of the Chief, TSD, or his designee, funds may be advanced in the total amounts of budget proposals but should be limited to perfel amounts in those instances where the relationship with the greatee pormits.

IV. ACCOUNTING TREATMENT

Since the Agency relationship with each project in the MUUTA activity largely determines the choice of funding rethods to be used, this relationship will govern the accounting treatment to be given advances and accountings. The accounting treatment will be based on the following general processes:

- A. Memorandum accountability for funds passed directly or indirectly to grantees will be dropped upon receipt of oridence that the funds have been used for the purpose intended.
- B. Accountability for funds passed to projects under the control of TBD or other Agency components for the purpose of funding grantees vill follow the transfer of such funds, and vill be dropped upon receipt of oridance the funds have been passed to a grantee or otherwise accounted for.
- C. Accountability by cut-outs for funds passed to them will be dropped upon receipt of evidence that the cut-out has passed the funds to the project.
- D. Claims for reimbursement of disbursements ande from funds belonging to a project, another entity, or an individual, will be charged to costs when paid and no follow-up will be required other than evidence that the payee actually received payment.

V. FINANCIAL AUMINISTRATION

Plannial Abdinistration of NAULFFA funds under each of the circumstance cited in Para. TV, A through C above are further delimated in attachments A through C.

APPROVED			A SECTION AND A SECTION AND ASSESSMENT OF THE PERSON ASSESSMENT O	
	Chief, Technical Cervices	Division		
APPROVED		11	100	1135
	Chief, Finance Division			N. N.
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6				AND COM

ACCOUNTING FOR MAULICAN FUNDS TRANSMITTED TO GRANTESS

I. GENERAL

there the relationship between the Agency and the grantee is such as to permit direct passage of the funds to the grantee, it is presumed the funds are within the effective control of the Agency until utilized. Economy, since these funds are in fact grante, numerandum accountability only will be raintained and will be dropped upon receipt from the project of evidence that the funds have been used for the purpose intended.

II. FINANCIAL ADMINISTRATION

- A. Memorandum control records will be maintained in TSD to reflect the status of all funds advanced to each grantee. Each record will reflect the cryptonym or other identification assigned to the project and will have columns entitled Pacording Date, Transmittel Letter Date, Advances, Accountings and Bilance. The record will be posted in the Advances column with amounts passed to the grantee, and in the accountings column with amounts disbursed os shown on approved accountings from the grantee. Accountings will be reviewed and, if deemed satisfactory, approved by the chief of the responsible branch prior to recording in the control record. If the accounting information is included in progress or operating reports, a certification from the chier of the responsible branch reflecting the amount expended may be used in lieu of an accounting. In those instances where a grantee fails to submit and diligent efforts have been made to obtain an accounting, the responsible Branch Chief may prepare a memorandum to the Chief. Technical Survices Division requesting his approval for write-off of the emount involved. This merorandum will reflect the follow-up action previously taken and the reason(s) why the Branch Chief feels further action is considered upeless. When approved the memorandum vill be used in lieu of an accounting from the greatee.
- B. The responsible branch of TOD will prepare and forward to the rimance Division a separate "statement" for each accounting received, identified to the appropriate granter. The statement may be in the form of a monorman to the Authorized Certifying Officer reflecting the use and status of funds held by the granter, ead will contain the certificate of the chief of the responsible branch that ["I certify that to the best of my knowledge and belief the amount shown shows was discussed to or used for Agency authorized activities and scretces or resterial have been received, and further advances as may be directed by the Agency are maranted. The documents upon which this state—rent in besed are maintained in the files of TSD for security reasons and will be have available for review by the Certifying Officer at his request." In
- C. The Finance Mivision Certifying Officer is empowered to accept the statement in paragraph II B above for the emounts shown therein as the basic for entries to the memoruntum accounts subject to bis later examination of the greates accounting maintained in the files of Tab.



B-3

Attachment B

ACCOUNTEST FOR MULLIPA FURDS TRAINMETTED THROUGH PROJECTS UNDER AGENCY

L. CENERAL

- A. Accountability for funds passed through projects under the control of TBD or other Agency deepenants will follow the transfer of such funds, and will be dropped only when the funds have been accounted for or passed to an entity over which the Agency exercises no control. Agency components controlling such projects will be directed to furnish TBD and Finance Division with documentary evidence of each such transfer suck on behalf of MSUITAN.
- 6. Control of the novement of such funds rests with AD and appropriate control and nemorandum records will be maintained within TD to indicate the status of these funds at all times for management and audit purposes.

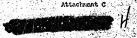
II. FINANCIAL ADMINISTRATION

- A. Advances made to projects or other entities under Agency control for purposes of funing MAULEAN grantees must be clearly identified as much in order to separate thes from advances provided for the operation of the project. Thus MAULEAN funis advanced to funding entities will be treated as funds in truncit and accountability for these funds will be calmained until receipt of evidence that the funds have been pessed to the grantee.
- D. Projects or other Agency entities will be directed to funded 220 ond Finance Mivision with documentary evidence of each disbursement rade to grantess to behalf of MCURMA.
- G. Centrel recents will be maintained in TED to reflect the status of all funds advanced to Agency entities for funding MSUREN prentees. Each record will reflect the cryptonym assigned to the entity holding the funds, and will have columns entitled Recording Date, Genator. Executification, Framenitial Listur Date, Awares, Accounting, and Baraco. The record will be posted in the Advances Column with account passed to the project, and in the Accountings column with account absures to MSUREN protects as shown on approved accountings from the project. Accountings will be reviewed unty if satisfactory, approved by the chief of the responsible branch prior to their being recorded in the control record.
- D. The remonstile branch will prepare a separate statement for attachment to each scene time. The statement my be in the form of a procuration to the Authorized Certifying Officer and will contain the certificate of the chief of the responsible branch that "I certify that to the test of my knowledge and kelief, the accounted to knowledge and kelief, the accounting were disbursed at Appeny direction to authorized activities, services analyze tractical have been received, and further newweeks as may be directed by the Agency are varianted."



F. The Authorized Certifying Officer is empowered to accept the statement in pora II D chown for the amounts therein as the bests for entries crediting the account of the project thich tremestated the funds and for saiding egyportiate cost entries. Concurrently the Unritiying Officer will record the amounts in the amountains occume of the greates where they will be hamiled as advances to greates as described in attachment A.

MOLITRA PURED PASSED TREOUGH CUT-CUTS

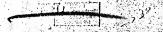


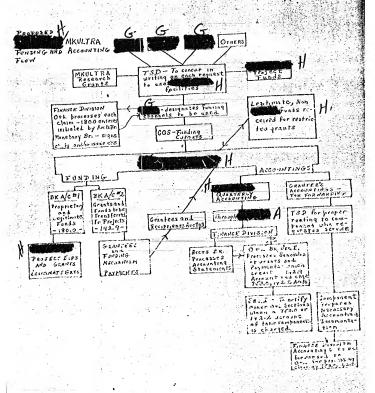
1. CHERAL

- A. Funds advanced to and hold by out-outs for the purpose of funding MODINA grantess are considered to be within the central of the Agency and will be so treated within Agency records. Accountability for such funds will follow the transfer of the funds and will be cropped only when funds have been accounted for or passed to a grantes.
- B. Agreements and with cut-outs will be reduced to writing; will contain the besic classest of a contract, including the fee to be poid by the Agency; will provide for financial reports as prescribed by the Agency, and will provide that any moused grants are the property of the Agency.
- C. Acceptions advanced to cat-outs will be deposited to bank accounts established for the sole purpose of receiving and disbursing Agency funds. The cut-out will execute a Declaration of Trust that the funds therein are the property of the United States Covernment.
- D. Appropriate control records for management and sudit purposes will be maintained of all times within TND to indicate the status of funds advanced to out-outs.

11. PIRANCIAL ADMINISTRATION

- A. First-advanced to cut-outs will be tested as funds in trinkit and accountability for these funds will be mintained until receipt of evidence that the funds have been passed to the grantes. Requests for edvances will indicate the exount of the advance-which will be passed to the grantee and the arount which will be retained by the cut-out as focus.
- n. Cut-outs will be directed to subsit a report at least quarterly reflecting the status of all funds edvamed by the Agency. The report will reflect the disturcements itentified to specific greaters and/or projects, and the balance on hand at the end of the period. The ext-out accounting will revain in the ribos of the. A phetostatic copy of the bonk statement together with costs of the cancellad checks will be submitted as soon as possible eiter their receipt by the cut-out.
 - C. Imitvidual control records will be maintained in TSD to reflect the status of all funds advanced to cut-outs for invital activities. Each redord will reflect the mass or emptonym assigned to the ent-out and will have column entitled Recording Inte, Granes Teachification, Transmittal Inter





APF-B-5

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CERT

APF-B-9

23 January 1964

MEMORANDUM FOR: Chief Support, TSD

ATTENTION

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Payment forms as the payment requires.

A

1. Subject MKULTRA vouchers on 21 January 1964, vo. #43088 (\$4,500), and #428942 (\$3,468) were adjusted by transfer from the 142.9 account to the 142.9 account. In the future it is requested that similar vouchers contain the crypto of the funding mechanism to be used as originally requested and shown on the semble vouchers furnished to your office.

requested and shown on the sample vouchers furnished to your office.

2. The last two vouchers submitted for MKULTRA sub project 110, invoices 9 and 10, were submitted on Request for Advance forms and not Request for

3. Due to the complexity of MKULTRA's program, you are kindly requested to use care in preparing vouchers for their submission to this office.





APF-B-10 DIRECT PAYMENT TO GRANTEE CREBIT AS FOLLOWS: \$5,000.00 PURPOSE 71-80 AMOUNT I ACKNOWLEDGE RECEIPT OF FUNDS TO BE USED FOR THE STATED ABOVE CRED 71630 USE PAYEE WOUNT ç CONFIDENTIAL FULLS ARE REQUESTED FOR OFFICIAL BUSINESS OF A CONFIDENTIAL. EXTRAORDINARY OR EMERGENCY NATURE AND ARE INTENDED FOR SIGNATURE OF CERTIFYING OFFICER 80 OF APPROVING OFFICER 50 7-12 RECEIPT FOR FUNDS NO. COST DUE NO. COST DATE 62.67 DATE KN. NO. CLASS CERTIFICATE FOR PAYMENT VOUCHER SIGNATURE 8 Accounting for this advance vill be in accordance with MAUINA Mecal Annex, Attachment A. TOTALS YOUGHER Invoice #1, for activity approved by Chief, ISD on ALLO7. 08 C See attached payment instructions (if check requested) SIGNATURE SPACE RELOW FOR EXCLUSIVE USE OF FINANCE DIVISION THUOMA GENERAL LEDGER ACCT. NO. 54.57 PAYMENT INSTRUCTIONS PEF NO. CA DATE DATE DATE DATE PAYEE FOR SATISFACTORY PERFORMANCE OF DUTIES HIS CONTRACT OR OTHER WRITTEN OR ORAL AGREET L10. Branch Crief Responsible CHARGE ALLOTWENT NO. 4125-1390-3901 CODE REVIEWED CODE SIGNATURE 34-39 STATION TSZ/SF DESCRIPTION-ALL OTHER ACCOUNTS 13-33 CERTIFY FUNDS THE ANOUNT REQUESTED IS DUE THE PAYEE IN ACCORDANCE WITH THE TERMS OF HIS C. VENTS. (To be signed when applicable) DESCRIPTION-ADVANCE ACCOUNTS 13-27 SIGNATURE FOR PAYMENT CONFIDENTIAL FUNDS TITLE REFERENCE NO. Levence REDUEST 001 16AT 10N 200 CHARTS PAYER PATE

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